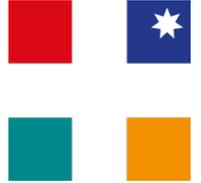


Australian
Private Hospitals
Association



MBS Review: Report from the General Surgery Clinical Committee 2018

8 March 2019

Australian Private Hospitals Association ABN 82 008 623 809

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Introduction

The Australian Private Hospitals Association (APHA) is appreciative of the opportunity to make a submission to the Medicare Benefits Schedule (MBS) Review in response to the recommendations in the report from General Surgery Clinical Committee.

In this response, the APHA has focused on issues that could arise for private hospitals if these recommendations were adopted. Some of these issues lie outside the scope of the terms of reference for the MBS Review, for example they pertain to potential implications for the regulations governing private health insurance.

The Private Health Insurance (Benefit Requirements) Rules 2011 (Compilation No. 52, as of [2 November 2018](#): “the Rules”) make detailed reference to relevant MBS items, and it is therefore essential to consider whether recommendations from the MBS Review will give rise to the need for changes to private health insurance regulation.

The issues in this submission are raised with the intention of informing implementation of the proposed recommendations should they be adopted by the Australian Government.

The APHA also advocates there should be sufficient time allocated by the Department of Health for the implementation of the flow-on changes when changes are made to the MBS, such as the Rules (above) and the National Procedure Banding Committee processes, especially when there are changes to a large number of MBS items simultaneously.

The APHA is largely supportive of the recommendations made in these reports and will therefore not address all recommendations separately. Below are the APHA comments for a select number of recommendations.

In making these comments, APHA remains fully supportive of the objectives of the MBS Review and recommendations intended to promote sound, evidence-based clinical practice.

Overall comments

The APHA respects the General Surgery Clinical Committee has made recommendations to better reflect the clinical service provided and promote best clinical practice. However, some of these recommendations will create cost pressures in the private sector making them difficult for private hospitals to implement, as they will not be reflected in current contracts between hospitals and insurers. Recommendations of specific concern to hospitals are outlined below:

- Recommendations to merge existing MBS items (recommendations 3, 6, 7, 30, 38, 39, 46, 47, 58, 73, 80, 82, 85 and 89); and
- Recommendations to amend existing item descriptors which potentially increase the complexity of the procedure (recommendations 8, 10, 12, 13, 15, 26, 33, 34, 35, 36, 48, 49, 52, 53, 59, 61, 63, 66, 67, 69, 70, 71, 74, 77, 83, 89, 90, 91 and 92).

It is the view of the APHA if the recommendations listed above are accepted by the Australian Government, they should be deferred to allow the industry adequate lead time to negotiate contract changes.

Reforms to private health insurance (PHI)

As a result of Government reforms, commencing 1 April 2019, private health insurance hospital products will be classified as gold, silver, bronze or basic. Existing MBS items will need to be mapped to these new classifications and clinical definitions in order to ensure the Reforms are workable.

Any changes to MBS items arising from the MBS Review, including this Committee's recommendations, will also need to be mapped against the new hospital product classifications and clinical definitions.

Small bowel resection item recommendations

Recommendation 23: The APHA notes two new items are proposed for peritonectomy.

New MBS items should be added to the Rules where appropriate, if adopted by the Australian Government. This may require further consultation by the Department of Health on the appropriate classification. The APHA reserves its view on the classification of these items.

In relation to the descriptor's requirement the procedure being conducted in an approved peritonectomy centre, clarification will be required as to what is required for centres to be approved to ensure compliance.

Abdominal wall hernia item recommendations

Recommendation 26: The APHA notes the recommendation proposes to establish a new MBS item number. New MBS items should be added to the Rules where appropriate, if adopted by the Australian Government.

The APHA considers the new MBS item should be classified as a Type A advanced surgical patient procedure on the basis it is the most complex procedure in the clinical gradient of ventral hernias and less clinically complex procedures are currently classified as Type A advanced patient procedures.

Stomach item recommendations

Recommendation 38: The APHA notes the recommendation proposes to merge six vagotomy items into one MBS item – MBS item 30496.

These MBS items are classified differently under the Rules as either Type A advanced surgical patient procedures or Type A surgical patient procedures. APHA recommends item 30496 be re-classified as a Type A advanced surgical patient to ensure the complexity of the other two procedures is not lost through the combination of the items.

Liver item recommendations

Recommendation 46: The APHA notes the recommendation proposes to merge four hydatid cyst items into one MBS item – MBS item 30436.

These MBS items are classified differently under the Rules as either Type A advanced surgical patient procedures or Type A surgical patient procedures. APHA recommends item 30436 be re-classified as a Type A advanced surgical procedure to ensure the complexity of the other procedures is not lost through the combination of the items.

Pancreas item recommendations

Recommendation 73: The APHA notes the recommendation proposes to merge MBS item 30587 into item 30586.

These MBS items are classified differently under the Rules as either Type A advanced surgical patient procedures or Type A surgical patient procedures. APHA therefore recommends item 30586 be re-classified as a Type A advanced surgical patient procedure ensure the complexity of the other procedures is not lost through the combination of the items.

Recommendation 76 and 78: The APHA notes these recommendations propose the establishment of a new MBS item. New MBS items should be added to the Rules where appropriate, if adopted by the Australian Government.

The APHA considers both new MBS items should be classified as a Type A advanced surgical patient procedures on the basis these are more complex procedures than comparator MBS items (similar but less complex procedures such as items 30577 and 30583) which are currently classified as Type A advanced patient procedures.

Wound item recommendations

Recommendation 98: The APHA notes this recommendation proposes to introduce a new MBS item.

New MBS items should be added to the Rules where appropriate, if adopted by the Australian Government. This may require further consultation by the Department of Health on the appropriate classification. The APHA reserves its view on the classification of these items.

Bariatric item recommendations

Recommendation on page 106, paragraph 4.15.3: The APHA notes this recommendation proposes to introduce a new MBS item for gastric bypass.

New MBS items should be added to the Rules where appropriate, if adopted by the Australian Government. This may require further consultation by the Department of Health on the appropriate classification. The APHA reserves its view on the classification of these items.

Private hospitals in Australia

The private hospital sector makes a significant contribution to health care in Australia, providing a large number of services and taking the pressure off the already stretched public hospital system.

According to the most recent data available, the private hospital sector treats:

- 4.4 million separations a year.

In 2016–17, it delivered:

- More than a third of chemotherapy
- 60% of all surgery
- 79% of rehabilitation
- 73% of eye procedures
- Almost half of all heart procedures
- 73% of procedures on the brain, spine and nerves.

Australian private hospitals by numbers:

- Half (49%) of Australian hospitals are private
- 657 private hospitals made up of:
 - 300 overnight hospitals
 - 357 day hospitals
- 34,339 beds and chairs
 - 31,029 in overnight hospitals
 - 3,310 in day surgeries
- 69,299 full-time equivalent staff (AIHW 2018, ABS 2018).

The Australian Private Hospitals Association

The APHA is the peak industry body representing the private hospital and day surgery sector. About 70% of overnight hospitals and half of all day surgeries in Australia are APHA members.